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Department of Revenue outlines unemployment benefit tax relief steps

March 26, 2021

SALEM, OR—The Department of Revenue today announced it will adjust the tax returns for Oregon taxpayers who have already filed their 2020 returns and are due relief from income taxes paid on recently exempted unemployment benefits earned in 2020.

“These taxpayers have already done what they were supposed to do. They filed their tax returns on time,” Revenue Director Betsy Imholt said. “We’re going to fix those returns to make sure these taxpayers get the proper refund under the new federal law.”

Oregon taxpayers, who received unemployment in 2020 and have not yet filed their tax returns, can do so now following the instructions the IRS (<https://irs.gov/forms-pubs/new-exclusion-of-up-to-10200-of-unemployment-compensation>) recently provided.

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(<http://www.oregon.gov>) the department asks taxpayers to wait before filing their tax returns. In this case, it was necessary to give the IRS time to provide guidance and to allow e-file software providers time to update their software once Congress changed the law,” Imholt said.

The American Rescue Plan, signed into law March 11, exempts up to \$10,200 of unemployment benefits received in 2020 per individual from taxes for households with less than \$150,000 in modified adjusted gross income.


The change affects thousands of Oregon taxpayers who had already filed their state income tax returns, paying taxes on 2020 unemployment benefits, before Congress made the change to the tax code. Today’s announcement means those taxpayers do not need to take action to amend their returns. The department will correct it for them, and, in most cases, affected taxpayers will receive refunds or have a lower tax bill.

The department is still working out the details related to processing the corrections but expects to start adjusting returns next week. More information will be available in the coming days via the department’s American Rescue Plan frequently asked questions. (<https://www.oregon.gov/dor/Documents/American-Rescue-Plan-FAQ.pdf>)

Most e-file software providers have indicated to DOR that they will have the necessary software updates in place beginning today. Taxpayers who have not yet filed should check with their tax preparer or software provider. More information about e-filing (<https://www.oregon.gov/dor/programs/individuals/Pages/individuals-e-filing.aspx>) can be found on the agency’s website.

The deadline for filing and paying 2020 income tax returns has been extended by both the IRS and DOR until May 17, 2021.

To get tax forms, check the status of your refund, or make tax payments, visit www.oregon.gov/dor (<http://www.oregon.gov/dor>) or email questions.dor@oregon.gov (<mailto:questions.dor@oregon.gov?subject=RE:%20>).

 Our official call center is available 24 hours a day, 7 days a week, toll-free from an Oregon prefix (English or Spanish) at 1-800-356-4222 (http://www.oregon.gov) or 503-978-4988 in Salem and outside Oregon. For TTY (hearing- or speech-impaired), we accept all relay calls.



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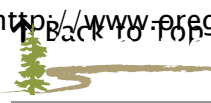
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